

May 31, 2018

VIA EMAIL

Mr. Dale Adams, Plan Administrator  
Ocala Police Officers' Retirement System  
402 S. Pine Avenue  
Ocala, FL 34471-1174

Re: City of Ocala Police Officers' Retirement System  
Section 112.664, Florida Statutes Compliance

Dear Dale:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.


Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

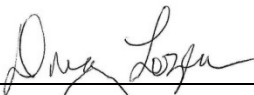
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF OCALA  
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:  Date: 5/31/2018  
Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2017 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
FISCAL YEAR SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.85% RP-2000 Generational	5.85% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	1,579,043	2,455,667
Interest	6,600,886	6,209,666
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(252,579)	(188,714)
Changes of Assumptions	(35,707)	497,666
Benefit Payments, Including Refunds of Employee Contributions	(5,888,193)	(5,888,193)
Net Change in Total Pension Liability	2,003,450	3,086,092
Total Pension Liability - Beginning	83,876,123	103,982,859
Total Pension Liability - Ending (a)	<u>\$ 85,879,573</u>	<u>\$ 107,068,951</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	3,582,817	3,582,817
Contributions - State	530,026	530,026
Contributions - Employee	669,044	669,044
Net Investment Income	6,716,321	6,716,321
Benefit Payments, Including Refunds of Employee Contributions	(5,888,193)	(5,888,193)
Administrative Expenses	(88,507)	(88,507)
Net Change in Plan Fiduciary Net Position	5,521,508	5,521,508
Plan Fiduciary Net Position - Beginning	62,806,327	62,806,327
Plan Fiduciary Net Position - Ending (b)	<u>\$ 68,327,835</u>	<u>\$ 68,327,835</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,551,738</u>	<u>\$ 38,741,116</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.85% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	68,327,835	-	8,718,787	-	5,021,523	64,630,571
2018	64,630,571	-	5,012,588	-	4,876,756	64,494,739
2019	64,494,739	-	5,225,491	-	4,857,736	64,126,984
2020	64,126,984	-	5,448,097	-	4,820,130	63,499,017
2021	63,499,017	-	5,754,003	-	4,758,828	62,503,842
2022	62,503,842	-	5,959,867	-	4,672,627	61,216,602
2023	61,216,602	-	6,153,132	-	4,563,993	59,627,463
2024	59,627,463	-	6,433,004	-	4,428,260	57,622,719
2025	57,622,719	-	6,594,846	-	4,264,536	55,292,409
2026	55,292,409	-	6,700,914	-	4,077,443	52,668,938
2027	52,668,938	-	6,761,585	-	3,869,119	49,776,472
2028	49,776,472	-	6,795,344	-	3,640,736	46,621,864
2029	46,621,864	-	6,795,288	-	3,393,101	43,219,677
2030	43,219,677	-	6,755,119	-	3,127,606	39,592,164
2031	39,592,164	-	6,688,292	-	2,845,469	35,749,341
2032	35,749,341	-	6,628,637	-	2,546,149	31,666,853
2033	31,666,853	-	6,595,350	-	2,226,980	27,298,483
2034	27,298,483	-	6,513,773	-	1,887,265	22,671,975
2035	22,671,975	-	6,435,401	-	1,527,161	17,763,735
2036	17,763,735	-	6,327,686	-	1,146,092	12,582,141
2037	12,582,141	-	6,229,369	-	743,195	7,095,967
2038	7,095,967	-	6,122,391	-	316,730	1,290,306
2039	1,290,306	-	6,010,458	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 22.21

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.85% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 5.85% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	68,327,835	-	8,718,787	-	3,742,154	63,351,202
2018	63,351,202	-	5,012,588	-	3,559,427	61,898,041
2019	61,898,041	-	5,225,491	-	3,468,190	60,140,740
2020	60,140,740	-	5,448,097	-	3,358,876	58,051,519
2021	58,051,519	-	5,754,003	-	3,227,709	55,525,225
2022	55,525,225	-	5,959,867	-	3,073,900	52,639,258
2023	52,639,258	-	6,153,132	-	2,899,417	49,385,543
2024	49,385,543	-	6,433,004	-	2,700,889	45,653,428
2025	45,653,428	-	6,594,846	-	2,477,826	41,536,408
2026	41,536,408	-	6,700,914	-	2,233,878	37,069,372
2027	37,069,372	-	6,761,585	-	1,970,782	32,278,569
2028	32,278,569	-	6,795,344	-	1,689,532	27,172,757
2029	27,172,757	-	6,795,288	-	1,390,844	21,768,313
2030	21,768,313	-	6,755,119	-	1,075,859	16,089,053
2031	16,089,053	-	6,688,292	-	745,577	10,146,338
2032	10,146,338	-	6,628,637	-	399,673	3,917,374
2033	3,917,374	-	6,595,350	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.59

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.85% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.85%	5.85%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$4,464,574	\$6,634,064
Total Required Contribution (% of Payroll)	51.20%	76.08%
Expected Member Contribution	697,521	697,521
Expected State Money	530,026	530,026
Expected Sponsor Contribution (Fixed \$)	\$3,237,027	\$5,406,517
Expected Sponsor Contribution (% of Payroll)	37.12%	62.00%
<hr/>		
<b><u>ASSETS</u></b>		
Actuarial Value <sup>1 2</sup>	68,134,261	68,134,261
Market Value <sup>1 2</sup>	66,951,432	66,951,432
<b><u>LIABILITIES</u></b>		
Present Value of Benefits		
Active Members		
Retirement Benefits	36,802,060	52,773,929
Disability Benefits	1,977,358	2,657,472
Death Benefits	214,702	282,310
Vested Benefits	3,719,097	5,858,390
Refund of Contributions	302,397	318,459
Service Retirees	37,687,871	45,461,098
DROP Retirees <sup>1</sup>	12,994,202	15,069,762
Beneficiaries	1,880,351	2,225,254
Disability Retirees	1,132,600	1,345,616
Terminated Vested	1,529,825	1,991,997
Share Plan Balances <sup>1</sup>	0	0
Total:	<u>98,240,463</u>	<u>127,984,287</u>
Present Value of Future Salaries	63,843,181	70,837,905
Present Value of Future Member Contributions	5,107,454	5,667,032
Total Normal Cost	1,506,640	2,388,295
Present Value of Future Normal Costs (Entry Age Normal)	10,176,752	18,045,468
Total Actuarial Accrued Liability <sup>1</sup>	88,063,711	109,938,819
Unfunded Actuarial Accrued Liability (UAAL)	19,929,450	41,804,558

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.85%	5.85%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	1,565,776	2,458,153
Administrative Expenses (with interest)	91,981	91,096
Payment Required To Amortize UAAL (with interest)	2,806,817	4,084,815
Total Required Contribution	\$4,464,574	\$6,634,064

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.

<sup>2</sup> Asset values do not include the Funding Standard Account Credit Balance or Administrative Expense Account.